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The present stage of globalisation

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This interview is a prepublication version of an article that appeared in the Turkish journal Praxis in September 2002. The article published answers to questions posed by the journal editors to Alan Freeman, Riccardo Bellofiore and Hugo Radice. In this article I have assembled my own responses, taken from the original transcript, to provide an article summarising my views on the stage of evolution of the world economy in 2002

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The present stage of globalisation

Question

What is Globalisation? How is globalisation transforming power relations in the contemporary world?

Answer

Rather than the fairly vague notion of globalisation in general, what is actually happening is the globalisation of capital, and this is what I shall concentrate on. Its impact on different nations is completely differentiated; its effect on power depends if you live in a poor country or a rich one.

In a developing or third world country, as far as I can see more or less in every empirical case, the effect of participating in the world market in capital is fragmentation. You have the break-up of the old Soviet Union, of Yugoslavia, fissiparous tendencies in India, in Mexico, and so on. You have fragmentary tendencies, though not on such a scale, developing in China, and at an earlier time in history when the same capital globalisation was going on, the process led to the breakup of the Austrian Empire, the Ottoman empire, the division of Africa, and so on.

The rich countries of today tend to the contrary to form larger blocks and this is, I think, because of the need for a larger scale of production in order to take part in and dominate a re-constituted global market; to generate economies of scale sufficient to deploy modern technology and also to secure influence sufficient to dominate the markets of the poor countries. One needs to operate in much larger scale.

There are basically now three views or models of what may happen as a result. One view is that the three large blocks are beginning to function as one. National boundaries between North America, South-East Asia and Europe will gradually be abolished and a single global capital at least in the rich countries will emerge. This leaves out three quarters of world but at least you would have a unified financial, industrial, commercial and political structure in countries covering about a quarter of the world.

The next thesis is that competition between blocks is increasing, so that differentiation and competition between regional blocs, dominated by rich countries, will increase as they jostle for elbow-room and economic dominance or even survival.

The third thesis is that one nation is and will remain hegemonic. In the last century Britain played this role and in the 1950s America did. Hegemony in this sense means that the leader can produce benefit to the rest of the world although perhaps it takes a larger share of the wealth. These benefits – rising living standards, access to new products and technologies, economic stability – lead to acceptance, however grudging, of the hegemonic right of the leading nation to organise the world system both financially and commercially, and also politically. Hence the terms ‘Pax Britannica’ and ‘Pax Americana’ This point of view has it that the USA can establish

a new such period, a new 'Golden Age' in which the deployment of new technology under US tutelage pulls the whole of the world forward towards the End of History and the liberal heaven that surely awaits us, even if every year it gets postponed by another decade.

I think the evidence so far is against the first and third thesis. History shows that Britain did not retain its hegemony, and the end of that hegemony brought about a fierce competition between industrial nations that led first to war, then to a re-division of the world market accompanied by what amounts to a partial secession from the world market by Russia and large parts of Central Asia, and to a further war. History always throws up something new, and so we cannot rule out that the USA will not go down the same road. However, so far it has. It is unable to compete and so it runs up a spiralling deficit, it saps the other nations of their savings as a result, and thus produces an ever-increasing tendency towards competition between the three large blocks.

I think one of the weaknesses of globalisation 'theory' is that it always talks in an abstract way about grand changes which, many of its advocates like to claim, are sweeping, automatic and inevitable. But one has to look at actual history and actual facts. Actually the recent phase of globalisation began in the 1980s with definite conscious political changes promoted clearly by the USA. It was not an endogenous process which the market produced out of itself, nor was it a long-term trend. It was a turning point, and an engineered one. This is not to say that this engineering did not harness market forces which had been at work for some time.

But the 1980s and the present phase of world accumulation opened with a wave of market liberalisation that transformed the policies of the IMF and the World Bank to those with which we are now familiar, which completely restructured world trade, abandoning GATT-style bilateral agreements for WTO-style multi-lateral agreements; a decisive but politically-organised move towards the creation of single market in capital and a single market in goods. These institutional changes, there is lots of evidence, were consciously brought about.

Question

What is the place of the nation state in the political struggle of the leftist groups and parties? And how do you evaluate the anti-global so called Seattle movements?

Answer

Once you have a global stage, then every local action has a global impact. Perhaps the most graphic illustration of this is the situation in the Middle East. There is a conflict which, in a certain geographical sense is completely local, between Palestine and Israel or rather, between Israel and the Palestinians. But this intractable local crisis constantly erupts onto the global stage.

The world situation is in my opinion structured by the fact that America is failing to reassume its status as the hegemonic leader by exporting capital to the rest of the world, that is it is failing to reconstruct the world with its money. So first, it will

increasingly have to reconstruct the world not only with its money but also with its army, which puts the state right back at the centre of the world stage; and second – completely integral to the first process – it is dissolving the basis for political stability in growing areas of the world.

As a consequence, apparently local crises are constantly being created which then erupt onto the global stage. This increasingly includes crises that are precisely centred on the question of what the state should do, because the state is the only instrument, for many people, with any hope of mobilising resources that might solve their most basic problems.

Even where there is a high degree of stability the same process is at work. I can see this for example in London, where travelling to work is becoming almost impossible as a result of the large influx of people following the movement of world capital into the City and the prolonged growth of Finance and Business services.

Apparently local disputes that might appear only to affect Londoners have rapidly generalised; even capital itself is divided about how to run the railways and tubes, and what the government's role should be because, frankly, the privatised railways don't work; literally, harming back perhaps to Mussolini's days, the trains don't run. Do you solve this with more privatisation or with more or different government intervention? This is an issue of national policy.

However, nations throughout the world are divided over privatisation – as a result of a rapacious globalisation in which capital the world over is, instead of constituting new productive capacity, simply taking over and restructuring existing capacity, above all former state capacity. The debate in the United Kingdom about London's railways becomes part of a complex global debate which is actually, first and foremost, a debate about what nation-states should do. So even the most enthusiastic of globalisers want the state to become involved, when they can't get to work in the morning.

Moreover starting from a minor thing – how a banker gets to work in the morning – a local situation is projected on to the global stage. This is why I am unconvinced by what Hugo was saying about trade unionism. Actually much of the running, in the recent disputes about whether the privatised railways were functioning as they should, was made by revitalised and very militant trade unions. In England, Hugo's own country, union after union has elected militant or left-wing leaderships – yet for years we have been told by the 'modernisers' that trade unions were going to vanish. Suddenly, the unions are back. They were reconstituted precisely because of a certain popular sense, uniting their members with a public that at least grudgingly accepts the validity of their case, of the global importance of their local struggle.

'Globalisation' is therefore as much about the impact of local events on the global stage, as vice versa. The actions of a tiny state or events in a tiny part of the world – be it Afghanistan, Chiapas, Porto Alegre or the West Bank – have much greater effects than they did before globalisation got under way in its present form. In other words, the very thesis of globalisation contradicts the view that local events and local state action no longer has any impact. Rather, the point is that local action cannot be *confined* to the locality; people can only act through states if they put together the

coalitions of global forces that will allow them to succeed – but this is just another expression of the fact that in general, they cannot act at all without securing a world relation of forces that permits them to do it; that is, we live increasingly in a world where the major outcomes are determined by force.

America leads the way in this because force is what it has a lot of. The Europeans have to achieve the same ends by alliances; as for the poor, they can only do it by securing solidarity. But this is not at all impossible. For example, Cuba – one of the smallest states in the world – has achieved it in the teeth of US fury for many decades so far. The real problem is hence not the dissolution of the nation state but the deconstitution of solidarity. The idea that anyone could succeed in local action without securing a global coalition that permits them to survive was always utopian. Now it is just more so, but not because of globalisation but because it is ever more intolerable, in a world where the survival of much of US capital depends on the rest of the world, for the US state to accept deviations or exceptions.

The most important task therefore facing the Seattle movement is precisely the reconstitution of solidarity, and the targets they have chosen are just and valid precisely because they affect very large numbers of poor people, so there is a very big constituency for this solidarity. To this extent I think it has been tremendously effective. Where it can go wrong is if it mistakes cause and effect; if it supposes that the only thing to be changed or reformed are the rules of the international institutions themselves, whereas in reality, what has to be changed is the political relation of world forces that allows them to impose these rules on starving peoples. What is required is the basic solidarity of economic self-determination; to say that any country and any state in the world, be it Cuba, China, Argentina, Malaysia or South Africa, has the right to determine its own economic policies in the interests of its people, and that this is a higher right than the right of creditors to their pound of flesh. I think this is a completely practical policy and course of action.

This is I think relevant to the question of bourgeois ideology. I tend to be sceptical about some of the rather fanciful theorising that one finds in the journals and newspapers. I am a great fan of Galileo. He was actually a devout catholic – but nevertheless, he started from facts and in the process, overturned the doctrine of the very institution in which his life was invested. Facts exist; I agree, as post-modernists note, that for different observers and different theories, there will be great variation both in what is reported as a fact and in how a fact is reported. something else. But what I mean by fact in this context is something which imposes itself on your consciousness no matter what your conceptual framework.

To be obstinately and vulgarly Realist, there is no ‘deconstructed reality’ in which the world trade towers did not fall. It may be experienced, described, perceived and theorised very differently by many different people but to deny that it happened would not be participating in a de-centred totality – it would be participating in a psychotic delusion.

The effects of globalisation are facts in this sense. The ever-growing gap between rich and poor is so dominant a fact that no-one can get away with ignoring it. War is equally impossible to deny. There is almost nobody left, on any side of the argument,

who seriously claims that the present globalisation of capital has increased equality, or that the world is more peaceful than it was 20 years ago.

There is a dispute about whether and to what extent the influence of the state has decreased. The answer to this question to me depends in the last analysis on whether the current stage of history has given rise to a stable mode of organising the world. If, in the wake of a growing impoverishment of the world, you cannot meet the most basic needs of constituting a functioning politics and communities, then those affected will increasingly be driven to acts of desperation, regions of the world will become increasingly unstable, and people who seek to resist will use whatever instrument is to hand. I think it inconceivable that they will not seek to use the state and the question will then in the last analysis boil down to force. What determines whether or not a state can function to carry out a policy designed to mitigate, offset or negate the effect of the world market depends not on the world market but on world politics – basically, on whether the current US government lets them get away with it.

The basic issue is therefore whether a stable world order can arise on the basis of accelerating differentiation, which is what we have actually, factually seen, in the 1980s and 1990s. I remain unbelievably sceptical about that.

I think the word globalisation has unfortunately become an element in an ideological battle. Actually, we have reached a certain stage of world history and the key thing is to understand the key driving forces of it. It doesn't make an enormous difference what we can call. We can call it 'big red Mac' or any name we choose; it will not in itself stop what is really going on.

The tendency of the academic theorist is to ascribe real historical events, which are in the last analysis the outcome of conscious human action, to processes which they seek to present as inevitable.

If you need to secure support for, or at least compliance with, something that actually represents a private or sectional interest – for example that of Wall Street's financiers – then it is always a bad idea to simply present that interest openly and say 'this should happen because it is good for me and my friends, because it will make us much wealthier.' The first thing you look for is a theoretical framework in which your opponents believe that there is no other choice.

Many evil absolutisms begin with the idea that what they implement is the way the world was intended to be. The old religions orders justified much barbarity on the grounds that God decreed it. Nowadays this kind of function has been taken over by economic analysis, and God has been replaced by Nature. Economic theory, particularly neoliberal theory, presents all its principal analytical constructs as 'natural' – the 'natural' rate of interest, the 'natural' rate of unemployment, and so on.

So when world globalisation brings about circumstances that threaten its own existence, one deals with this by sticking the word 'nature' in front of the words 'world order' and presenting globalisation as 'natural' and the opposition to it as 'unnatural' or 'unscientific'. Actually, most of the malign disruptive forces that threaten capital globalisation have been called into existence by capital globalisation itself. It has enraged a whole generation of youth. It has plunged countries like

Afghanistan into a crisis so dire that it becomes replaced by lawlessness or barbarism. It has virtually dissolved the basis of political stability in countries such as Argentina and perhaps Turkey too.

The scientific view is to recognise the structural instability of the process, ask what its dynamic is, and from there work out what may happen when – as now – it starts to give way to a new stage of history because the old stage cannot support or reproduce its own institutions, the basis for its own existence.

The overwhelming tendency of the globalisation of capital is so far that it concentrates capital in the metropolis, rather than globalising it to the periphery. The creation of a single capital market increases all the dissolutive tendencies of the globalisation process; the process contradicts itself. The future of the state depends not on some abstract theory, but on what people now decide to do about that, as the dissolutive process brings these basic facts increasingly to their conscious attention.

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